

**SUBJECT: Requirements for Professional Service Procurement Necessary for Grant Implementation and Administration
Policy Bulletin #5**

EFFECTIVE DATE: June 1, 2000

The following outlines procurement procedures for services. This policy identifies:

- C When small purchase procedures may be used;
- C Items to be addressed when procuring professional services;
- C When MSHDA will consider approval of the administrator in the application review process; and
- C The need to document the process.

When Small Purchase Procedures May Be Used

Compliance with Part 85, "the Common Rule", applies to any procurement for professional services necessary for the implementation and administration of MSHDA federal housing grants (CDBG, HOME, ESG). Small purchase procedures may be used if applicable and are as follows:

- C Small purchase procedures are those relatively simple and informal procurement methods that are sound and appropriate for procurement of supplies, services, and other property, totaling no more than \$100,000. Administrators shall comply with any local small purchase dollar limits \$100,000 or less.
- C If small purchase procedures are used for a procurement using HOME or CDBG funds, price or rate quotations shall be obtained from an adequate number of qualified sources. (This process must be documented.)

Items To Be Addressed When Procuring Professional Services

The following points should be addressed in the procurement of professional services such as consulting, audit, administration, housing inspection services, or legal:

- C Proposals should be solicited from an adequate number of qualified sources. The request for proposals (RFP) must be publicized in a manner appropriate to the service being sought. In most cases, solicitation by mail or newspaper or professional journals would be appropriate. A telephone call is not sufficient.
- C The RFP must include all significant evaluation factors and their importance, including the cost.
- C The grantee must provide a method for evaluating the proposals received and document the method used.
- C Award should be made to the respondent whose proposal is most advantageous to the community (cost and other factors included). Cost will always be a factor.

- C The process must provide for maximum free and open competition.

When MSHDA Will Consider Approval of the Administrator In the Application Review Process

Under the following circumstances, MSHDA can review and approve an outside administrator as part of the application review and not require a separate solicitation by the applicant (local unit of government or nonprofit). MSHDA's approval of a contract administrator at the time of the application process will be based on capacity and performance of the proposed administrator in all the following factors:

- C Previous experience administering federal grants and MSHDA grants, with no significant unresolved findings or delays.
- C Certification of compliance with 24 CFR Part 84 financial management standards and OMB A-133 audit requirements for agencies administering Federal funds.
- C Submission of a satisfactory grant management plan by the proposed administrator if the administrator is new and has not previously administered such a program with MSHDA funding.

Document the Process

You are reminder to document the entire procurement process. Grantees will be monitored for compliance with the Common Rule, Part 85. Should you have any questions, contact your Community Development (CD) Specialist or CD staff at (517) 373-1974.